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August 17, 2004

Chairman Marc Spitzer
Commissioner William A. Mundell
Commissioner Mike Gleason
Commissioner Jeff Hatch-Miller

Re: Continuation of oversight hearings on APS substation fires; updated information on progress and testing at Westwing, Docket Number E-00000J-04-0522

Dear Colleagues:

I write in order to suggest a second hearing into the recent fires at APS' Westwing and Deer Valley substations. The initial public meeting on this subject yielded important information and pointed up the need for continued Commission oversight in this matter.

Since that first oversight hearing a number of events have occurred that I believe should be addressed publicly. They are:

- The new transformer arrived at Westwing ahead of schedule and was installed. The Commission should be provided information about the installation of the new transformer and the treatment and clean-up of the substation in the aftermath of the fire.
- APS has put the purchase of up to seven additional transformers out for bid and expects to have them in place by next summer. Understanding that some of this information will necessarily be confidential, the Commission should be provided a briefing about the company's plans for purchasing transformers.
- During a tour on Friday of the Westwing substation to observe the damaged transformer and its replacement, I was told that APS conducted Furon testing of one of the transformers on site prior to the fires. I was informed that the results of that test are now available and are encouraging. The Commission and the public should be provided with these results.
- APS has had an opportunity to consider its preparedness for the upcoming summer and whether it will be able to handle the expected load growth both with and without the new set of Westwing transformers. The Commission should be provided with the company's best estimates of its preparedness.
- Commissioners and Staff have had an opportunity to consider whether more regular reliability reviews are appropriate. We should continue this discussion and determine the best method of coming to our final position on this issue. Additionally, I believe we should address the possibility of developing a Distribution Reliability Index requirement.

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Currently, some states require utilities to provide distribution performance indices on a yearly basis, reporting on the number and frequency of power outages. The ACC does not require this information and does not have a standard developed to judge the utility's reliability indices.

- The Commission should be provided a general update on the investigations into the cause of the fires.

It would be my preference to hold this second public meeting sometime in the next two weeks. This letter is meant to be a suggestion for topics to be covered at our next oversight meeting and I would be grateful for additional suggestions. Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Kris Mayes", with a long horizontal flourish extending to the right.

Kris Mayes
Commissioner

cc: Ernest Johnson
Brian McNeil